

## **School Committee Finance Subcommittee**

**Monday, March 14, 2016**

**8:30 AM – 10:00 AM**

**5<sup>th</sup> Floor Conference Room, Town Hall**

Finance Subcommittee members present: Ms. Stram (Chairman), Mr. Chang, Ms. Charlupski, and Mr. Pollak.

Other School Committee members present: Ms. Ditkoff, Ms. Scotto (by phone), and Ms. Stone (by phone).

Staff present: Dr. Connelly, Ms. Dunn, Mr. D'Onofrio, and Ms. Coyne.

Others present: Advisory Committee members Michael Sandman and Bobbie Knable.

### **1) Approve Minutes of the March 7, 2016 Finance Subcommittee Meeting**

On a motion of Mr. Chang and seconded by Mr. Pollak, the Finance Subcommittee voted unanimously to approve the minutes of the March 7, 2016 Finance Subcommittee meeting.

### **2) FY 2017 Budget Review**

#### **a) Use of reserves, how they will get replenished, and how we will ensure appropriate safety nets for Special Education, enrollment, and any other major uncertainties.**

Ms. Dunn stated that the recommended FY 2017 Budget was balanced by at least temporarily eliminating additions, rather than by making cuts. She will be meeting this week with the town administration to discuss funding the Devotion relocation costs from the project budget rather than from the operating budget. The cost is \$421,000 per year for two years. Value engineering exceeds this amount.

Mr. Pollak noted that construction costs went down because we were able to rent 30 Webster Street. The Massachusetts School Building Authority (MSBA) will not reimburse us for rental costs. The budget should not be less than what was voted by the citizens. The Subcommittee discussed the Devotion bonding. The rate may be lower than what is being projected.

Ms. Dunn referred to a spreadsheet (Attachment A) showing how Private Placements are being supported and funded with \$1,011,716 in residual circuit breaker funds that, by regulation, are supposed to be used by June 30, 2015 or by June 30, 2016, at the latest.

The administration is working on reconciling the Special Education budget. Ms. Dunn is concerned about the FY 2016 and FY 2017 budgets. The Subcommittee will ask Dr. Shmukler to join them at the next meeting so that they can discuss projections and funding. Ms. Dunn would like to build back a Special Education Stabilization Fund.

The Subcommittee appreciated the level of discipline being brought to reserves. It makes sense to identify the purpose and balance of each reserve, but we don't want to drain them in FY 2017. If the Devotion relocation costs come out of the operating budget, we will move forward with a \$183,000 reserve for special education and \$195,000 for three

unassigned special education positions. We will also have access to additional salary differential funds when staff members leave and are replaced at lower salaries.

Ms. Dunn noted that Dr. Shmukler does everything possible to keep students in district if it is in the students' best interest. Unfortunately, we may be in a position where we cannot add a class, even if we have funding for staff, because of space issues. Ms. Ditkoff stressed that we do not want to back into bad educational decisions. This needs to be a more prominent topic at our Capital Subcommittee meetings. If Student Services has programmatic need for space we want to hear about it now. The biggest gap may be at the high school. Mr. Gillis is collecting information on incoming high school students so that Mr. Simmons and the administration can begin to plan for needed classroom modifications and accessibility issues.

Dr. Connelly noted that it is possible that elementary class size will increase because of growing enrollment and lack of space. A ninth school will address some of this need. Ms. Ditkoff stated that the Committee, in order to make informed decisions, needs to know the cost of keeping class size where it is and not sending students out of district because of lack of space. Ms. Dunn stated that rentals are not available where we need them and we are restricted by capital funds. The Baker modulars cost \$70,000 per year, plus an upfront cost of approximately \$200,000. Average class size is now 21 and could grow to 22-23, two to three years from now. We have a potential issue in FY 2018, but there is still time for planning.

Members asked for information on the minimum and maximum size of the risks for areas such as private placements, contracted services, and enrollment, and how this relates to what is set aside in reserves.

**b) Use of special revenue funds**

Ms. Dunn noted the following amounts:

Tuition and Fees	\$675,744
Facility Rental	\$225,000
Circuit Breaker Funding	\$1,505,560
Revolving Fund Reimbursement	\$150,680
Other Revenue	\$785,288

Ms. Dunn explained that she budgeted steps and lanes and contractual increases for every employee. Fluctuations due to churn will be used to fund changes in enrollment. The budget includes three unallocated positions for special educations and five for the high school. We are on pace to match last year's 633 kindergarten enrollment. If enrollment is 650-670, we will need a 31<sup>st</sup> kindergarten classroom and might need to relocate a BEEP classroom. Mr. Pollak suggested including a reserve as a best practice, even if it is funded with a small number in FY 2017. The budget includes a contingency for one classroom (with specialists). Ms. Stram felt comfortable with the level of reserves for enrollment growth. Ms. Charlupski was concerned that the Grant Reserve was eliminated. If the grants are reduced we would need to make other adjustments to the

budget in order to maintain our commitment to these programs such as full-day kindergarten and METCO.

**c) Investments in educational equity (highlighting where in the budget we are making the investments discussed in the presentation on the achievement gap, and how they have changed over time)**

Members requested that the Budget Summary pull out investments in educational equity (the initiatives Dr. Fischer-Mueller and Dr. Shmukler noted in their March 10, 2016 presentation to the School Committee) and show how they have changed over time. Dr. Fischer-Mueller will be providing Dr. Connelly with a detailed breakdown. Since the spring, the School Committee has been talking about what it looks like to have more intentional work on equity. If there isn't new money to meet the programmatic goal for FY 2017 for equity, we need to understand the potential trade-offs within the programmatic goals.

The April 7, 2016 School Committee meeting may be moved to April 14, 2016 so that the administration has more time to fine-tune the budget before the School Committee's vote. If the vote is moved to April 14, 2016, it will be scheduled for 6:00 PM so that Ms. Stram can call in.

A Finance Subcommittee meeting will be added on Monday, March 28, 2016. Dr. Shmukler will be asked to participate.

The meeting adjourned at 10:00 AM.